Rural and Regional Affairs and Transport Legislation Committee

Questions on Notice Budget Estimates 2016-17 <u>Thursday 5 May 2015</u>

Infrastructure and Regional Development Portfolio

QoN No.	PDR No.	Division	Senator	Broad topic	Question	Proof Hansard page and hearing date <i>or</i> Written	Date Received
					Corporate Services (3)		
1	241	CORP	STERLE	Outsourcing	 Senator STERLE: We had some interesting conversation in the last portfolio about moving on some of Australia's biggest pests—particularly carp and the cane toad—and all of a sudden Senator Heffernan is leaving us! Last round of estimates Senator Ludwig, in question No. 37, asked what publications your department or agencies purchased. You have answered that, and I note that, amongst other things, one publication is <i>What a waste—Outsourcing and how it goes wrong</i>. How much did the department spend on outsourcing last year? Mr Mrdak: We engage a range of contractors. I will take that on notice. Are there particular areas you are interested in? The range of our services functions to the department are all outsourced to contractors, ranging from building management to cleaning. I am happy to give you a breakdown of those if that would assist. 	75 5/05/16	14/09/2016
2	242	CORP	STERLE	Outsourcing	 Senator STERLE: Can you tell us of anything that did go wrong in outsourcing? You are allowed. The beauty of living in Australia is that it is not a jailable offence, if we make a mistake. Don't tell the politicians that, because they do not believe that it is true. Mr Mrdak: I think we have tried and tested various models of service delivery. The current arrangements are all working, to my knowledge. I am not familiar with any breakdowns in the service delivery. Senator STERLE: You did that with a straight face—sorry, keep going. Mr Mrdak: I will take it on notice but I do not believe we have any breakdowns in service delivery at the moment. 	75 5/05/16	14/09/2016

3	243	CORP	STERLE	Outsourcing	 Senator STERLE: Is it true that KPMG were paid almost \$600,000 for this work? Mr Mrdak: That is correct. I can get you the final amount, but it is of that order. Senator STERLE: Yes, please. Does KPMG otherwise provide services to the department? Mr Mrdak: Yes, it does. KPMG is on our panel of providers for a range of services—professional services and advice. Senator STERLE: Could I ask you what they are? Mr Mrdak: They would range across the department. Where we look for advice, either financial or professional advice, in relation to areas such as our infrastructure program or in any of our line divisions where we are looking for professional advice, KPMG is one of the firms that we have on the various departmental panels. Senator STERLE: I have a list here and I would like to tick off that I have the right information around where KPMG has contracts directly with DIRD under the AusTender website. Is there a diesel supply contract? Mr Mrdak: That is correct—for our Indian Ocean Territories. Senator STERLE: I teckon Mr Murphy might know. Mr Mrdak: I do not have that in front of me. I can check that. Senator STERLE: Does anyone have the AusTender website open? I just want to make sure I have the right infort. I do not doubt that I do, but I would like to check. Mr Mrphy: What I have in front of me is the consultancy that we have entered into from 1 January this year through to 31 March, so, if this was prior to that, I would not have it. Senator STERLE: Have in front of me that KPMG have a contract to do with the department's diesel supply contract, at \$280,000; a local government territories risk and control mapping contract, at \$280,000; and the development and implementation of the \$31 March, so, if this was prior to that, I would not have it. Senator STERLE: My information is for the calendar year 2015. Would it be hard to get that in front of us just to confirm or deny and set me st	76-79 5/05/16	14/09/2016
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					 Senator STERLE: Okay. All right. KPMG has a large chunk of work that they have accessed—they have a big chunk of \$600,000 and then nearly \$1¹/₂ million of ongoing outsourcing. Are there any other companies who you engage or have engaged—where you outsourced—that have had work of a similar or higher value to KPMG? Mr Mrdak: There would be a range of firms of similar and higher amounts that we contract through a year, yes, Senator. We use a range of professional services firms, particularly in our infrastructure advice work. We do engage other major firms, professional firms, through the year. Senator STERLE: Okay. Now, that would not be secret list, would it? Mr Mrdak: No, we would be happy to provide that to you. Senator STERLE: If you could take it on notice and table that for us. If that could be done by the end of the day, that would be very handy. I want to talk about what I call the infrastructure propaganda blitz—that is my wording. No-one jumped, so that is okay; I must be on the money. I refer to the \$18 million advertising campaign that was discussed by the government in February. Has the budget for this changed? 		
					Infrastructure Investment (15)		
4	244	Π	STERLE	Concessional loan facility	 Senator STERLE: What is the current status of the \$2 billion concessional loan facility? Mr Mrdak: The concessional loan has been essentially contracted or agreed to with New South Wales. That concessional loan will be paid out over the next few years in agreed milestone points. Essentially, the concessional loan has been contracted. I will ask Mr Danks to give you a fuller explanation, if I can. Mr Danks: The first draw-down for the loan will happen before 30 June this year and it will run through to December 2019. It will be drawn down on a pro rata basis with senior debt. So we go in at the same time as the senior banks put money in. Senator STERLE: Are there set payments for set dates? Mr Danks: There are. There is a schedule of about 43 different payments between 30 June this year and 30 December 2019. Senator STERLE: Could you table that for us today? Without me asking you to name them all now, without you taking it away on notice, could that be provided to the secretariat so we can have a look at it? Mr Danks: I do not have it with me at the moment. I will have to see if I can pull it together. Senator RICE: I wanted to clarify exactly that point on the loan. 	83 5/05/16	14/09/2016

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					Senator STERLE: Sure. Can that be done today, Mr Mrdak? Could that be faxed up or something like that—whatever you do? Mr Mrdak: Yes, we will try and do that.		
5	245	Π	STERLE	Commonwealth funding	 Senator STERLE: You didn't see my lips move then, Mr Mrdak—see how I did that. With respect to the M80 Ring Road upgrade, also announced on 8 May, have there previously been Commonwealth allocations for the specific work completed? Mr Mrdak: There was the first stage of M80 project which was agreed in— Mr Foulds: It commenced from 2009 through to— Senator STERLE: From 2009, so I work my way through— Mr Foulds: There was a commitment, I think—I can stand corrected—of \$750 million by the Australian government, which led to a total expenditure of \$1,100 million on the M80. Senator STERLE: So there was about 400 from the Commonwealth, is that right? Mr Foulds: No. There was more than 400. Mr Mrdak: We will get you the details. Mr Foulds: We will get you the details shortly. 	87 5/05/16	
6	246	Π	STERLE	Commonwealth Funding	Mr Mrdak: There was a commitment of about \$250 million made in 2014 by the government for the remainder of the balance of work to complete the next stage of full work on the M80 process. The offer of the remaining \$350 million is the Australian government's 50 per cent contribution to complete all of the upgrade of the M80 Ring Road. Senator STERLE: As part of the 2009 announcement you were talking about with the M80, the western ring upgrade, am I right to say that in early 2014 nearly \$250 million was cut from the original figure from the Commonwealth for the M80? Mr Mrdak: This Australian government has not made commitments previously. The commitments were made in 2014, and this new commitment to complete the Western Ring Road. Senator STERLE: I understand, but there was a figure—which you are going to find for me—back in 2009 when they first started talking about the M80, or Western Ring Road, and I am led to believe that in 2014 nearly \$250 million was cut from the M80 covering the same work. Mr Foulds: I would have to get you the precise details on notice. Senator STERLE: But you are not saying that I have got this wrong? Mr Foulds: No, I am not. I can say to you that from 2008-09 to 2013-14 the Australian government did contribute \$864 million, which upgraded 23 kilometres of the M80 at a total cost of \$1.13.	87 5/05/16	

					Senator STERLE: I just want you to tell me that I am wrong, and that there was not a		
					\$250 million cut. Mr Foulds: We will take that on notice.		
7	247	Π	RICE	Environmental concerns	 Senator RICE: My last question is about the progress of the Western Highway duplication in Victoria. Is the department aware of the significant controversy that is going on currently with the loss of trees and the natural landscape features that are being destroyed for the building of this road? What is the Commonwealth's view of this? Mr Foulds: I am aware of that, but I just do not know if I have any information at the moment. Senator RICE: Over a thousand trees removed, when they originally estimated—Senator EDWARDS: Well, plant some more! Senator RICE: there were going to be 100. Huge, 500-year-old river red gums with enormous hollows in them. Is the department concerned about the problems there have been with the building of the road? Mr Foulds: I do not have the information on hand. I will have to take that on notice. Senator RICE: Thank you. 	91 5/05/16	14/09/2016
8	248	Π	DODSON	Commonwealth Funding	 Senator DODSON: What has happened to the \$499 million extra GST money from last year? Mr Pittar: That funding is administered by a separate MOU. That is applied to a range of road projects in Western Australia. I understand that there have been savings in the order of \$26 million according to that project. Senator STERLE: What project? Mr Mrdak: There are a series of road projects. We will get you the details of those. There are series of road projects in Western Australia which that \$499 million was applied to. Senator STERLE: And that has been spent? Mr Mrdak: That is in the process of being spent, yes. Senator STERLE: Yes, you can tell us with that. Mr Mrdak: Most of those are under construction. We can get you the details of those. Mr Pittar: I can provide that. Mr Mrdak: We have that now. Senator STERLE: Great. Mr Pittar: There were savings of \$6 million on the Reid Highway work from that \$499 million and the Mitchell freeway work of \$20 million. Senator DODSON: Is it possible to table both of those bits of information? Mr Mrdak: Yes. 	92 5/05/16	14/09/2016

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					 Mr Foulds: The other projects are the Kwinana Freeway, Roe Highway to Russell Road, and it is a widening southbound; the NorthLink WA Swan Valley bypass— Senator STERLE: Sorry. Can you put some figures around them for us please? You see, as Senator Dodson said, there was \$499 million. So far we have identified a small amount of that. Mr Foulds: And that money was made available to Western Australia. Mr Mrdak: We will get you the projects and the amounts that are allocated to them. The one Mr Pittar was giving you was the savings to date on a number of them, which have been reinvested in WA. Senator STERLE: Can we have that before we leave today? Mr Mrdak: Yes we will try and do that so we will not hold you up now. 		
9	249	Π	STERLE	Public rail	 Senator STERLE: Following on from Senator Dodson's question to Mr Mrdak in relation to the rail transport spend of 2018-19, could I get a breakdown of how much will be spent on public rail infrastructure? Mr Mrdak: I will just get that information for you. I think Mr Foulds gave you a list earlier of rail projects. Senator STERLE: Yes, he was talking to Senator Rice. I just want to get the spend. Mr Wood: If you are referring to the table on Budget Paper No. 1, that table is prepared by the Department of the Treasury. It includes expenditure across the Commonwealth, so we do not have a precise breakdown of that table. The projects in asset recycling, for example, we do not have the final profile for that as yet; that is a matter for the Department of the Treasury. It could be useful go through the profile for projects that we administer. Senator STERLE: I do not want to waste time. That is fine. I have to ask you guys because you are the main department. If you could tell me how much the public rail spend was, that would be great. Mr Mrdak: We could give you that on notice. Senator STERLE: Is that another one I can get today before we all run away tonight at 11 o'clock? Mr Mrdak: We will try. We can certainly give you the ones that we administer. As I said, we do not have the profile for the asset recycling. Senator STERLE: That is fine. If you could tell us what you do now, as a figure. Mr Mrdak: We will try to do that soon. Senator STERLE: Will you provide that before dinner? Mr Mrdak: Yes. Mr Mrdak: Yes. Mr Wood: Just to be clear, was that across the forwards? Senator STERLE: Yes, I am talking about 2019-20 because that was in relation to Senator Dodson's earlier question. 	94 5/05/16	14/09/2016

10	250	Π	DODSON	Northern Roads	 Senator DODSON: I would like to ask a couple of questions in relation to roads in the north. Have you had any expressions of interest in the following roads: the Dampier Peninsula road, the Tanami Road and the Gibb River Road? Have you had any expressions of interest in those matters or have there been any tenders let in relation to those? Mr Mrdak: Certainly, as part of the Northern Australia Roads package, we have had proposals brought forward by the Northern Territory government in relation to the upgrade of the Tanami Road. I can confirm that Tanami is one of the major proposals from the Northern Territory government. I would have to take the others on notice, if you would not mind, Senator, and I can give you that detail. 	98 5/05/16	14/09/2016
11	251	Π	HEFFERNAN	Northern Roads	 ACTING CHAIR: Has the Northern Territory government expression of interest been about the bottom end of the Tanami? I am just thinking that \$600 million is a lot of money, but it is not a lot of money in what— Mr Mrdak: The Northern Territory government is looking for the upgrade of the whole Tanami Road. ACTING CHAIR: And nothing about the Dampier Peninsula or Gibb River? Mr Mrdak: I am not familiar with the Dampier Peninsula. Mr Pittar: I cannot answer that question accurately, I am afraid. Mr Mrdak: I am not familiar. From recollection, I do not think it is one of the projects that has been submitted, but we will check and come back to you. ACTING CHAIR: I am backing Senator Dodson 100 per cent. We just want to make sure that our state is up there on the starting block too. Take it on notice and let us know. Mr Mrdak: We certainly will check which projects Western Australia has put in. 	98 5/05/16	14/09/2016
12	252	Ш	RICE	Westconnex	 Senator RICE: I am told that the department requested a P90 business case when it was first considering whether it was going to fund WestConnex two years ago. Can you confirm that that was the case? Mr Foulds: The only thing that I would have to check—and I will have to take this on notice—is whether the original business case that was assessed by IA and rated as threshold was P90 or P50. Senator RICE: I have been told that the department requested a P90 business case two years ago and that in fact you have not received a P90 business case. Mr Foulds: I will have to take that on notice. I cannot recall two years ago. 	99 5/05/16	14/09/2016

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13	253	Π	RICE	Westconnex	 Senator STERLE: I was asking how many full applications the department received for the Stronger Communities Programme. Ms Wall: For round 1 we received a total of 1971 applications and for round 2, which closed last Friday, 29 April, we received 1307. Senator STERLE: I note that round 1 of the stronger communities fund closed at the end of October 2015. Is that correct? Ms Wall: That is correct. Senator STERLE: How many of these 1971 have been fully assessed? Ms Wall: We have 305 applications that we are still assessing. We are mostly waiting on applicants to provide us with information to finalise the assessments. Senator STERLE: Have there been any that have been ticked off and are ready to go? Ms Wall: Yes. We have had 1438 projects approved. Senator STERLE: Very good. How many have been rejected? Ms Wall: We have had 134 applications deemed ineligible for funding and 63 have withdrawn during the process. Senator STERLE: Is it possible to get those details, on notice, tabled—who they are? Ms Wall: Are you asking for the details of the ones that have been withdrawn? Senator STERLE: No, of the ones that have been successful. Ms Wall: Yes. They are available on the web, as well, as we finalise the agreements. 	100 5/05/16	14/09/2016
14	254	Π	STERLE	List of Grantees	 Senator STERLE: Is the department aware of the minister receiving any representations from MPs regarding the speed of the processing of applications for the fund? Ms Zielke: The program has taken quite considerable effort to get underway. Therefore, yes, we are behind time and the department as well has received considerable representations on how we can improve the speed of processing of applications. Senator STERLE: From MPs? Ms Zielke: From both the grantees themselves as well as from members of parliament. Senator STERLE: Is it possible to get a list of those? Ms Zielke: We can take that on notice. 	102 5/05/16	14/09/2016
15	255	Ш	DODSON	National Stronger Regions Fund	 Senator DODSON: Is it possible for you to give me a complete list of the projects approved from round 1 and 2 of the fund and the status of whether it has been contracted or not? Mr McCormick: Yes, all approved projects are listed on our website for rounds 1 and 2, and I can provide you with a list of the current status of each of those on notice. Senator DODSON: Is it possible for that to be done by way of electorates as well? Mr McCormick: That would take a lot longer, but it is possible. I will have to take that on notice. Senator DODSON: Parliamentarians were asked to give you proposals, were they? 	106 5/05/16	14/09/2016

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					Mr McCormick: Yes. We do not actually look at electorates until after an announcement— Senator Nash: He is talking about National Stronger Regions. Mr McCormick: Sorry, are you talking about the National Stronger Regions Fund? Senator DODSON: Yes. Mr McCormick: By electorate? Senator DODSON: Yes. Mr McCormick: We can take that on notice, yes.		
16	256	Π	STERLE	Community Development Grants	 Senator STERLE: How many projects that had been selected for funding through round 1 of the CDG Program do not have funding agreements signed with the department? Mr McCormick: We do not have rounds under community development grants. They are projects identified by government and, as the secretary indicated, uncontracted projects from the previous government. Senator STERLE: Can you supply me with a list of these projects that do not have funding agreements signed with the department? Mr McCormick: Yes. Of those, there are 28 remaining. I will take that on notice. Senator STERLE: You can provide me with that list? That is not on the website, is it? Mr McCormick: No. We put them up as we contract them. Senator STERLE: Can we get them before we go tonight? Is that possible? I will put the request in. Mr McCormick: Yes. Mr Mrdak: We will check how much work is involved, I think. 	108 5/05/16	14/09/2016
17	257	Π	STERLE	Commonwealth Funding	 Senator STERLE: My final question for this part of the portfolio is: how are we going with the \$400 million-odd break-up you are going to provide to me in relation to our earlier catch-up on GST payments in Perth? Mr Foulds: We will have to get that to you after the break. Senator STERLE: So you can? How long will that take? I will give you the secret squirrel: I will have to filibuster before I let you go if I do not get it. CHAIR: Let me give you another tip. We are hoping not to break for dinner. We are hoping to go through and get it out of the road. 	108 5/05/16	14/09/2016
18	258	Π	STERLE	Programme Funding	Senator STERLE: Chair, while the witnesses are swapping over I just want to ask Mr Mrdak about a figure. The figure you gave me was from the \$499 million GST grant. I was asking about the recent cuts—the \$444 million that has disappeared. There is a cut of \$444 million. Mr Mrdak: We dealt with that earlier. It is a movement of funds largely within Western	120 5/05/16	14/09/2016

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					Australia with the reprofiling. Senator STERLE: If you can just show me where the \$444 million cuts are— Mr Mrdak: It is a movement of funds across the projects, which Mr Pittar outlined earlier. I will get you that on notice. Senator STERLE: If you can get that before we leave— Mr Mrdak: I will try to, and I will table the other one.		
					Infrastructure Australia (1)		
19	259	IA	RICE	Independent Peer Reviews	 Senator RICE: Do you know of the existence of independent peer reviews that have been done of the transport modelling and the economic modelling? Mr Davies: I am not aware of that. I will refer to my colleagues to— Senator RICE: I asked Mr Mrdak the same question earlier, but I mean within Infrastructure Australia. Mr Davies: Perhaps Ms Chau can comment on that. Ms Chau: We understand there has been some peer review of traffic models, but we have not seen the results of those. Senator RICE: Do you think that it would be valuable to you to see the results of those peer reviews? Ms Chau: It would be in terms of the actual recommendations. Senator RICE: So are you going to be requesting those independent peer reviews? Ms Chau: We have asked for other information as part of our review. Senator RICE: Have you requested the independent peer reviews? Ms Chau: We will take that on notice. 	110 5/05/16	14/09/2016

					Aviation and Airports (1)		
20	262	Aviation and Airports	FAWCETT	ASSR	Senator FAWCETT: The ASRR, some of the updates you provided online, particularly your speech in Canada about some of the progress and things moving forward—can you give us an update against each of the 37 recommendations of the Forsyth report, just as to where you are at and your time frame for implementation. Mr Skidmore: We can certainly give you an update with regard to the government response to the Aviation Safety Regulation Review report and what our implementation is on those.	122 5/05/16	14/09/2016
		L			Civil Aviation Safety Authority (3)		
21	260	CASA	XENOPHON	ADS-B	 Senator XENOPHON: What proportion of general aviation would have implemented ADS-B, do you think? Can you take that on notice. Mr Skidmore: Can I just correct—the mandate is for IFR aircraft. That encompasses a number of operators and a number of systems; it is not just general aviation. In regard to the exact numbers of those who have implemented ADS-B in the general aviation space, I would do not have those numbers with me. Senator XENOPHON: Would you take that on notice. Mr Skidmore: I can take that on notice. 	121 5/05/16	14/09/2016
22	261	CASA	FAWCETT	Sector Risk Profiles	Senator FAWCETT: I am happy to put my questions on notice, given the time constraints. Mr Skidmore, the industry has been very positive about sector risk profiles. I would like an update on where CASA's view is with that process, who you have got working on it and what resources you are investing in it. It appears to be a good way of collaborating with industry. Mr Skidmore: I will take that on notice, and thank you very much for those comments.	122 5/05/16	14/09/2016
23	263	CASA	FAWCETT	ASSR	Senator FAWCETT: I know what the government response was. I am interested in where you are at and where your time frame for implementation is going, particularly around the issues that you are obviously aware of—48 paragraph 1 parts 61 and 141, the things that are concerning industry, but I am	122 5/05/16	14/09/2016

					also interested, for example, in how well the industry complaints commissioner is functioning in the way that Forsyth envisaged to get quick turnaround times. I would appreciate some actual facts and figures around number of complaints, times for resolution, what the outcomes were and how many have had to go back to the board member to indicate that CASA has taken a view that perhaps the independent expert, the board member, did not think was going to be appropriate. Mr Skidmore: We can certainly do that. The terms of reference for the ICC were amended to be 'report directly to the board.' That was one of the aspects of the Aviation Safety Regulation Review that we have implemented. We can give you more figures in regard to the ICC process and the complaints. Airservices Australia (1)		
		1		I	Airservices Austrana (1)		
24	264	Airservices	XENOPHON	Short operations	 Mr Harfield: What it means is that the event of two aircraft—even in a go-around situation—coming to the intersection of the runway at the same time is reduced because of the fact that we have a different timing from when the aircraft are landing on the runway. Senator XENOPHON: Could you provide documents in respect of that to the committee in due course. Mr Harfield: Absolutely. 	123 5/05/16	14/09/2016
					Local Government and Territories (1)		
25	265	LGT	STERLE	Indexing of Grants	 Senator STERLE: No change. That is good. Has the minister received any correspondence from local governments complaining about the cuts? Ms Fleming: Local governments are— Senator STERLE: I have, but I am just asking whether the minister has. Ms Fleming: Local governments do lobby from time to time around the pause of indexation, and he would have received correspondence from various local governments from time to time seeking— Senator STERLE: Are you able to provide us which of those councils complained? Do you have that information? Ms Fleming: I will take that on notice. 	129 5/05/16	14/09/2016

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Surface Transport Policy (1)								
26	266	STP	STERLE	Motor Vehicle Standards Act Review	 Senator STERLE: I will be quick. I want to talk about the Motor Vehicle Standards Act review and the economic modelling. Did the department or the modeller consider the impact on individual dealerships or brands? Mr M James: I cannot answer that at the moment. I do not know. I would have to check. Senator STERLE: Because you do not know? Mr M James: Yes, because I do not know. Senator STERLE: Not because you do not want to? Mr M James: Not because I do not want to. Senator STERLE: All right. That is fine. How long before you can get the nod on that. Mr Mrdak: We will try to find that very quickly for you. I think there was modelling done of the likelihood of personal imports, but I do not think it was comprehensive economic modelling on impact to dealerships. There were estimates made of the likelihood of the numbers and volumes involved. I think there was an estimate of an upper volume of around 30,000 vehicles that would be likely to access personal imports. 	118 5/05/16	14/09/2016	